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Greece

Sugar

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Report Highlights:

Acreage planted to sugar beets in Greece has been about 45,000 HA on average over the past decade. This is on flat, irrigated land with potential for other crops once the EU sugar reform decoupling program commences. Candidates for these "sugar-free" fields are wheat or corn, or even sunflower assuming that this land is not locked into a conservation reserve. Greece is arid and rugged in most of its terrain, but the land now in sugar beets is by no means marginal. The GOG's other problem with sugar reform lies in finding alternative employment for processing plant workers.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Rome [IT1]
[GR]

In 2004 Greece produced 2,800,000 tons of sugar beets, channeled to 5 sugar processing plants located across Greek Macedonia and Thrace. Raw sugar output is about 319,000 tons. Of this total 290,000 tons is the A quota and 29,000 Tons is the B quota, set by the EU. Greek production mostly covers domestic consumption. The current conversion rate from beets to refined sugar is about 11 percent.

Greek sugar beets are grown in the prefectures of Larissa in Thessaly, Imathia and Serres in Macedonia, and Xanthi and Evros in Thrace. The acreage is scattered inland from the Aegean roughly in a crescent starting in the south at Larissa and swinging northeast, parallel to the Bulgarian border. Total acreage planted to sugar is about 45,000 hectares of fertile, mostly flat irrigated land. Cotton, corn, and wheat are also grown in these areas. In the 1980s some of this land was sown with sunflowers but as support schemes changed, sunflower planting dwindled. This land, unlike much of Greece's largely arid and rugged terrain, has fertile irrigated soils that can produce high yields at relatively low production costs.

The new EU Commission proposal for CAP reform on sugar was announced June 22. The proposal is to cut guaranteed prices to producers by 39 percent. The intended effect is to bring balance to the market and good returns to efficient farmers. The measures are to start with marketing year MY 2006/07 with the abolition of the sugar intervention system. According to the proposal, a well-funded restructuring scheme will give less efficient EU producers a strong incentive to leave the market and will allow for better social and environmental impact management. The sugar industry will be given a four-year restructuring period, which may soften the impact of lost employment in the important Greek sugar processing sector.

This EU policy is expected to result in a drastic reduction of sugar production in Greece, and to lead to a serious loss of jobs at sugar refineries. The Greek Ministry of Agricultural Development and Food has already instructed sugar beet farmers to consider alternative crops including energy crops for biofuel production. There is only one experimental bioethanol plant operating in Greece. The feedstock for this plant is corn and sweet (black) sorghum.